



8011-01p
SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-71986; File No. SR-NYSE-2014-20]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rules 9268, 9559, and 9620 to conform the Exchange's rules to changes recently adopted by the Financial Industry Regulatory Authority, Inc.
April 22, 2014.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that on April 11, 2014, New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rules 9268, 9559, and 9620 to conform the Exchange's rules to changes recently adopted by the Financial Industry Regulatory Authority, Inc. ("FINRA"). The text of the proposed rule change is available on the Exchange's website at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rules 9268, 9559, and 9620 to conform the Exchange's rules to changes recently adopted by FINRA.

Background

On July 30, 2007, the National Association of Securities Dealers, Inc. ("NASD"), NYSE, and NYSE Regulation, Inc. ("NYSE") consolidated their member firm regulation operations into a combined organization, FINRA, and entered into a plan to allocate to FINRA regulatory responsibility for common rules and common members ("17d-2 Agreement").⁴ In 2007, the parties also entered into a Regulatory Services Agreement ("RSA"), whereby FINRA was retained to perform certain regulatory services

⁴ See Securities Exchange Act Release No. 56148 (July 26, 2007), 72 FR 42146 (August 1, 2007) (File No. 4-544) (Notice of Filing and Order Approving and Declaring Effective a Plan for the Allocation of Regulatory Responsibilities). The 17d-2 Agreement was entered into in accordance with the requirements of Rule 17d-2 of the Securities and Exchange Commission ("SEC" or "Commission"), which permits self-regulatory organizations ("SROs") to allocate regulatory responsibilities with respect to common members and common rules. See 17 CFR 240.17d-2.

on behalf of NYSE for non-common rules. On June 14, 2010, the Exchange, NYSE and FINRA amended the RSA and retained FINRA to perform the market surveillance and enforcement functions that had been performed by NYSE up to that point.⁵ Accordingly, since June 14, 2010, FINRA has been performing all NYSE enforcement-related regulatory services on NYSE's behalf, including disciplinary proceedings relating to NYSE-only rules and against dual members and non-FINRA members. To facilitate FINRA's performance of these enforcement functions under the RSA and to further harmonize the rules of NYSE with those of FINRA, NYSE adopted new rules that are, with certain exceptions, substantially the same as the text of the FINRA Rule 8000 Series and Rule 9000 Series, which set forth rules for conducting investigations and enforcement actions.⁶ The new rules were implemented on July 1, 2013.⁷

Conforming Amendments

FINRA recently amended FINRA Rules 9268, 9559, and 9620, among other rules, effective December 16, 2013.⁸ The Exchange proposes to amend the text of Rules 9268, 9559, and 9620 to conform them to FINRA Rules 9268, 9559, and 9620.

⁵ See Securities Exchange Act Release No. 62355 (June 22, 2010), 75 FR 36729 (June 28, 2010) (SR-NYSE-2010-46).

⁶ See Securities Exchange Act Release Nos. 68678 (January 16, 2013), 78 FR 5213 (January 24, 2013) (SR-NYSE-2013-02) ("Proposing Release"), 69045 (March 5, 2013), 78 FR 15394 (March 11, 2013) (SR-NYSE-2013-02), and 69963 (July 10, 2013), 78 FR 42573 (July 16, 2013) (SR-NYSE-2013-49).

⁷ See NYSE Information Memorandum 13-8.

⁸ See Securities Exchange Act Release No. 69825 (June 21, 2013), 78 FR 38771 (June 27, 2013) (SR-FINRA-2013-018), and FINRA Regulatory Notice 13-27. FINRA amended FINRA Rule 8313, which governs the release of disciplinary and other information by FINRA to the public, and made other conforming changes. The Exchange did not adopt the text of FINRA Rule 8313; therefore, it is not necessary for the Exchange to adopt all of the same conforming changes.

The Exchange proposes to amend Rule 9268, which addresses hearing panel decisions, including their content and to whom they are disseminated, to add a new paragraph (f). Proposed Rule 9268(f) would provide that unless otherwise provided in the majority decision issued under Rule 9268(a): (1) A sanction (other than a bar or an expulsion) specified in a decision constituting final disciplinary action of the Exchange for purposes of Exchange Act Rule 19d-1(c)(1) shall become effective on a date to be determined by the Exchange; and (2) a bar or an expulsion specified in a decision shall become effective immediately upon the decision becoming the final disciplinary action of the Exchange for purposes of Exchange Act Rule 19d-1(c)(1).⁹ Under the current rule, all sanctions, including bars and expulsions, become effective on a date to be determined by the Exchange.

As part of its changes to Rule 8313, FINRA deleted the “Notice to Membership” provisions in FINRA Rules 9552-9559. The Exchange did not include such provisions in its Rules 9552-9559, so no such deletions are necessary; however, the Exchange proposes to renumber Rule 9559(s) as Rule 9559(r), which is consistent with the FINRA amendments.

Lastly, the Exchange would make conforming amendments to Rule 9620, which governs exemption decisions issued under the Rule 9600 Series.¹⁰ Current Rule 9620 provides that after a decision is served on the Applicant, the application and decision

⁹ The proposed rule change also would make conforming amendments to Rule 9268(b)(6).

¹⁰ FINRA’s position is that exemption decisions and notices under the Rule 9600 Series, which the Exchange adopted, generally are not disciplinary in nature. See Securities Exchange Act Release No. 69825 (June 21, 2013), 78 FR 38771 (June 27, 2013) (SR-FINRA-2013-018).

shall be publicly available unless Exchange staff determines that the Applicant has shown good cause for treating the application or decision as confidential in whole or in part.

The Exchange proposes to amend Rule 9620 to provide that after a decision is served on the Applicant, the application and decision may be publicly available. The proposed rule change corresponds to the conforming amendments in FINRA Rule 9620.¹¹

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Act,¹³ in particular, because it is designed to promote just and equitable principles of trade and to remove impediments to and perfect the mechanism of a free and open market and a national market system. In addition, the Exchange believes that the proposed rule change furthers the objectives of Section 6(b)(7) of the Act,¹⁴ in particular, in that it provides fair procedures for the disciplining of members¹⁵ and persons associated with members, the denial of membership to any person seeking membership therein, the barring of any person from becoming associated with a member thereof, and the prohibition or limitation by the Exchange of any person with respect to access to services offered by the Exchange or a member thereof.

¹¹ The Exchange has not entertained an application for exemptive relief pursuant to Rule 9610 since adopting the Rule in 2013 and has therefore neither published an application or decision nor determined that an application or decision should be withheld as confidential in whole or in part pursuant to current Rule 9620.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ 15 U.S.C. 78f(b)(7).

¹⁵ The Exchange's equivalent to the term "member" in this context is "member organization."

The proposed rule change would provide greater harmonization between Exchange and FINRA rules of similar purpose, resulting in greater uniformity in rules and less burdensome and more efficient regulatory compliance. The proposed rule text is substantially the same as FINRA's rule text, which already has been approved by the Commission.¹⁶ As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not intended to address competitive issues, but rather it is designed to provide greater harmonization between Exchange and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for common members and facilitating FINRA's performance of its regulatory functions under the RSA.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section

¹⁶ See supra note 8.

19(b)(3)(A)(iii) of the Act¹⁷ and Rule 19b-4(f)(6) thereunder.¹⁸ Because the proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.¹⁹

A proposed rule change filed under Rule 19b-4(f)(6)²⁰ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²¹ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, as it will result in greater uniformity between Exchange and FINRA rules of similar purpose, and facilitate FINRA's performance of its regulatory functions under the RSA. For this reason, the

¹⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁸ 17 CFR 240.19b-4(f)(6).

¹⁹ 17 CFR 240.19b-4(f)(6)(iii). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

²⁰ 17 CFR 240.19b-4(f)(6).

²¹ 17 CFR 240.19b-4(f)(6)(iii).

Commission designates the proposed rule change to be operative on filing.²²

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)²³ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSE-2014-20 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

²² For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²³ 15 U.S.C. 78s(b)(2)(B).

All submissions should refer to File Number SR-NYSE-2014-20. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of NYSE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSE-2014-20, and should be submitted on or before [INSERT DATE 21 DAYS FROM PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

Kevin M. O'Neill,
Deputy Secretary.

²⁴ 17 CFR 200.30-3(a)(12).

[FR Doc. 2014-09524 Filed 04/25/2014 at 8:45 am; Publication Date: 04/28/2014]